# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:2109
ANSWERED ON:11.12.2015
Raising of Debts by the State
Singh Shri Dushyant

**Will the Minister of FINANCE be pleased to state:**

a) the Gross State Domestic Product (GSDP) of all the States/UTs at both market price and factor cost;
b) the details of the present policy governing the raising of debts by the States;
c) whether the Government is intending to allow 3% of borrowing on the GSDP at market price in place of GSDP which is at factor cost;
d) if so, the details thereof and if not, the reasons therefor; and
e) whether the Government is presently allowing or going to allow the States to raise additional borrowing, if so, the details thereof and if not, the reasons therefor?

## Answer

MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a): The details of Gross State Domestic Product (GSDP) estimates of all the States/UTs at factor cost with base year 2004-05, at current prices (as on 31.07.2015) are at Annex. The estimates of GSDP at market price are not being compiled by States/UTs on regular basis.

(b) to (d): The annual Net Borrowing Ceiling (NBC) is being fixed by the Central Government based on a road map for achieving fiscal deficit targets as laid down by successive Finance Commissions.

(ii) As recommended by Fourteenth Finance Commission (FFC), the NBC for all the States for 2015-16 have been fixed by adopting annual average growth rate of GSDP in the years 2013-14 (t-2), 2012-13 (t-3) and 2011-12 (t-4) as per State estimate of GSDP (at current price) published by CSO and applying the same on the base GSDP of year 2013-14 (t-2) to determine the projected GSDP of years 2014-15 (t-1) and 2015-16 (t). The base Fiscal deficit target of 3% have been applied on State specific GSDP estimated for year 2015-16 (t) to arrive at Net Borrowing Ceilings of each State. The estimates of GSDP at market price are not published by the CSO.

(iii) The NBC covers all sources of borrowings, including Open Market Borrowings, Negotiated Loans from financial institutions, National Small Saving Fund loans, Central Government loans including EAPs, other liabilities arising out of public account transfers under small savings, Provident funds, Reserve Funds, Deposits, etc., as reflected in statement 6 of the State's Finance Accounts.

(e): The Central Government has approved Ujwal DISCOM Assurance Yojana (UDAY) a scheme for the Financial Turnaround of Power Distributions Companies (DISCOMs) with an objective to improve the operational and financial efficiency of the State DISCOMs. Under the Scheme, States shall take over 75% of DISCOM debt as on 30.09.2015 over two years − 50% of DISCOM debt shall be taken over in 2015-16 and 25% in 2016-17 by issuing Non-SLR Bonds. The debt so taken over by the States under the scheme shall not be counted against the Fiscal Deficit limit of respective State in the financial years 2015-16 and 2016-17. The States are therefore allowed to raise additional borrowings under UDAY Scheme during 2015-16 and
2016-17.
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